

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 EA-11 ISO-00 L-03 SCEM-02 INT-08

AID-20 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 IO-13

NEA-10 NSAE-00 RSC-01 OPIC-12 SPC-03 TRSE-00 CIEP-02

LAB-06 SIL-01 OMB-01 STR-08 SS-15 NSC-10 H-03 PM-07

PRS-01 USIA-15 DRC-01 /214 W
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R 142003Z SEP 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7442

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L BONN 13358

E.O. 11652: GDS

TAGS: ENGR

SUBJECT: OIL EXPROPRIATIONS: U.S. POSITION

REF: A. STATE 182055; B. STATE 182920

1. ECON COUNSELOR AND EMBOFF DISCUSSED CONTENTS OF REF A WITH ECONMIN DEPUTY ASST SEC KLING SEPTEMBER 14. COUNSELOR BRIEFED KLING ON CONTENTS OF NOTE PLACING SPECIAL EMPHASIS USG ATTACHES TO ARBITRATION ISSUE.
2. KLING REMARKED THAT NOTE STRUCK MEASURED TONE THAT SEEMED MOST APPROPRIATE IN PRESENT CIRCUMSTANCES. HE EXPRESSED HOPE THAT THIS APPROACH MIGHT LEAVE LARG ROOM TO MODIFY ITS POSITION. KLING NOTED THAT SINCE
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COMPANIES HAD NOT YET RECEIVED OFFICIAL DOCUMENTARY

NOTIFICATION OF EXPROPRIATION DECREE AND THAT SINCE DECREE NOT YET PUBLISHED IN OFFICIAL GAZETTE, PERHAPS THIS MIGHT BE INDICATION THAT LARG'S PRESENT POSITION NOT LOCKED IN CONCRETE.

3. WHILE EXPRESSING SYMPATHY WITH THE JURIDICIAL BASIS FOR USG POSITION, KLING ARGUED THAT CURRENT LIBYAN SITUATION MUST BE VIEWED IN ITS LARGER HISTORICAL AND GEOGRAPHICAL CONTEXT. HE NOTED THAT THE SITUATION IN ALL THE OIL-PRODUCING COUNTRIES WAS PRESENTLY UNSTABLE AND THAT WE WEREN'T DEALING WITH AN ISOLATED CASE OF LESS THAN TOTAL ADHERENCE TO LEGAL AND CONTRACTUAL OBLIGATIONS. HE REMARKED THAT THERE HAS BEEN A PATTERN OF AGREEMENTS BEING REACHED, FOR EXAMPLE TEHRAN, WHICH HAD SUBSEQUENTLY BEEN SUBSTANTIALLY MODIFIED.

4. KLING NOTED THAT THE LIBYAN SITUATION HAD BEEN DISCUSSED AT PARIS EARLIER IN THE WEEK AND THAT THE GENERAL VIEW HAD BEEN THAT GOVERNMENTS SHOULD SIT TIGHT AND AWAIT FURTHER DEVELOPMENTS.

5. THE ECON COUNSELOR ASKED ABOUT THE RESULTS OF THE PARIS MEETING. KLING REMARKED THAT THE FORMATION OF COMMON ENERGY POLICY AMONG THE NINE WAS EVEN MORE DIFFICULT THAN IT HAD BEEN AMONG THE SIX. HE (CONFIDENTIALLY) PLACED THE MAJOR BLAME FOR THE LACK OF PROGRESS ON A COMMON EC POLICY ON FRANCE. HE SAID THE FRENCH CONTINUED TO INSIST ON STATE-CONTROLLED MARKETING ARRANGEMENTS AND THAT THIS WAS UNACCEPTABLE TO THE FRG.

6. IN RESPONSE TO FURTHER QUESTIONS KLING AGREED THAT CONSUMER COUNTRY COOPERATION WOULD BE THE MOST DESIRABLE APPROACH TO DEAL WITH ENERGY POLICY PROBLEMS IN GENERAL AND LIBYA TYPE SITUATIONS IN PARTICULAR. HE WAS THOROUGHLY SKEPTICAL, HOWEVER, ABOUT THE PROSPECTS FOR SUCH COOPERATION IN THE NEAR FUTURE.

7. REF B RECEIVED SUBSEQUENT TO PREPARATION THIS CABLE. EMBOFF CONTACTED KLING WHO AGREED TO KEEP CONFIDENTIAL

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THIS MORNING'S CONVERSATIONS CONFIDENTIAL.
HILLENBRAND

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NNN

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